

MEMORANDUM

TO: Commissioner, Deputy Commissioner, General Counsel,
Division Directors, Policy Analysts and Staff Attorneys

FROM: Susan Mesner, Tax Research Economist

DATE: October 7, 2011

SUBJECT: 2012 Interest Rate

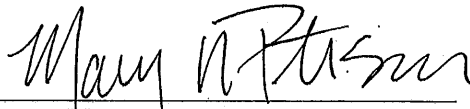
The average prime loan rate charged by banks (as determined by the Board of Governors of the Federal Reserve System) for the 12-month period beginning October 1, 2010 and ending September 30, 2011 was 3.25%. Rounded up to the nearest whole percent, the annual rate for 2012 is 4.0%. When converted to a monthly rate, as required for computer purposes, the result is 0.33% per month.

The law allows us to round this monthly rate up to the nearest whole tenth of a percent, giving us a rate of 0.4% per month. Therefore, the **2012 interest rate** established by the Commissioner, as required in 32 V.S.A. §3108(a), is **0.4% per month or an annual rate of 4.8%**.

Tax bills prepared on January 1, 2012 and thereafter for calendar year 2011 should bear an annual interest rate of 4.8% or a monthly rate of 0.4%.

10/7/11
Date

APPROVED: _____


Mary Peterson
Commissioner of Taxes